



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Financial Statements Audit Report

**Chelan County Fire Protection District
No. 7
(Chelan Fire and Rescue)**

For the period January 1, 2013 through December 31, 2013

Published December 29, 2014

Report No. 1013266





Washington State Auditor
Troy Kelley

December 29, 2014

Board of Commissioners
Chelan Fire and Rescue
Chelan, Washington

Report on Financial Statements

Please find attached our report on the Chelan Fire and Rescue's financial statements.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

**Chelan Fire and Rescue
Chelan County
January 1, 2013 through December 31, 2013**

- 1. The District should improve internal controls over accounting and financial statement preparation to ensure accurate and complete reporting.**

Background

District management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified weaknesses in controls that affect the District's ability to produce reliable financial statements.

Description of Condition

During our audit, we identified the following weaknesses in internal controls over financial reporting that, when taken together, are considered a material weakness:

- The District's review of its monthly reconciliations to the County Treasurer's information is incomplete. The District's review focuses on ensuring that ending cash and investments, revenues and expenditures balance but does not ensure all transactions, including monthly revenues and expenditure transactions, are recorded accurately.
- District staff did not adequately research or seek technical guidance in the prescribed *Budget Accounting and Reporting System* (BARS) Manual on correctly recording the issuance and refinancing of long-term debt, a significant and infrequent transaction to the District. The District only recorded the net change in cash in the District's account, not the details of the bond issuance and repayment transactions, including the amounts received and paid, and associated fees.
- The District's overall review process for its financial statements, notes and schedules was not effective in identifying and correcting errors. The District does not use a checklist or other tool when reviewing the financial statements, notes and schedules. We also found no evidence that the review ensured that all significant transactions such as the debt refunding and issuance, were taken into consideration and properly and accurately presented in the statements, notes and schedules.

Cause of Condition

District management and staff did not dedicate the necessary resources, including time reviewing or researching accounting guidance, and staff training, to ensure its financial statements, notes and schedules were accurate.

Effect of Condition

We identified the following errors in the District's financial statements during our audit:

- The District's financial records do not accurately reflect transactions related to a major debt issuance and refinancing. As a result, the District's financial statements understated both income and expenditures from the receipt of bond proceeds and arrangements for the payoff of other debt by \$445,772.
- The District misclassified bond proceeds of \$842,831 as tax revenues instead of as bond proceeds which is an other financing source.
- The District overstated compensated absences by \$125,645 due to including employee's sick leave balances in the calculation; however, the District does not pay employees for sick leave balances when employment is terminated.

The District corrected the errors we identified and, as a result, our opinion on the District's financial statements is unmodified.

Recommendation

We recommend the District establish and follow internal control procedures to ensure:

- A more detailed review is performed of the monthly reconciliation between the District's general ledger and the County Treasurer's Reports, including a detailed review of expenditures and revenues.
- Adequate research and technical guidance is sought when determining the proper reporting or accounting treatment for unique transactions.
- The review of the financial statements, notes and supplementary schedules is performed at a level appropriate to detect significant errors. The District should consider using a checklist or other tool when reviewing the financial statements, notes and schedules.

District's Response

Management has corrected and resubmitted the 2013 reporting materials to the State Auditor's website. Management has reviewed and modified internal controls to ensure the recommendations of the findings are satisfied.

We look forward to the next years visit from the State Auditor in review of our 2014 financial statements.

Auditor's Remarks

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Government Auditing Standards, December 2011 Revision – Paragraph 4.23, states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

RCW 43.09.200 Local government accounting—Uniform system of accounting, states in part:

The state auditor shall formulate, prescribe, and install a system of accounting and reporting for all local governments, which shall be uniform for every public institution, and every public office, and every public account of the same class.

Budget Accounting and Reporting System (BARS) Manual - Accounting, Accounting Principles and Internal Controls, Controls over Financial Reporting, states:

This objective refers to fair presentation of financial statement and required schedules in all material respects in accordance in with the stated basis of accounting.

In meeting this objective, the government should have controls that accomplish the following key functions:

- Identification of financial events – Controls should ensure financial events and transactions are properly identified and recorded.
- Properly applying accounting standards – Controls should ensure correct criteria and methodology is applied when accounting for financial events. When the correct method of accounting for or

reporting a transaction is unclear, the government should seek clarification by performing research, contracting for accounting assistance, or communicating with the State Auditor's Office or standard setting bodies.

- Correctly accounting for all financial events – Controls should ensure that:
 - Only valid transactions are recorded and reported.
 - All transactions occurred during the period are recorded and reported.
 - Transactions are recorded and reported at properly valued and calculated amounts.
 - Recorded and reported transactions accurately reflect legal rights and obligations.
 - Transactions are recorded and reported in the account and fund to which they apply.
- Preparation of the annual report – Controls should ensure that financial statements and required schedules are properly compiled and prepared from source accounting records. Controls should also ensure correct presentation of statements and schedules.

Controls and processes should generate adequate documentation to demonstrate achievement of objectives. This is not only important for audit, oversight and public records purposes, but also to enable effective monitoring of controls over financial reporting by management.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards, Section 265*, as follows:

.07 For purposes of generally accepted auditing standards, the following terms have the meanings attributed as follows . . .

Material weakness. A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Chelan Fire and Rescue Chelan County January 1, 2013 through December 31, 2013

Board of Commissioners
Chelan Fire and Rescue
Chelan, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Chelan Fire and Rescue, Chelan County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 14, 2014.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the District using accounting practices prescribed or permitted by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 1 to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

DISTRICT'S RESPONSE TO FINDINGS

The District's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

November 14, 2014

Independent Auditor's Report on Financial Statements

Chelan Fire and Rescue Chelan County January 1, 2013 through December 31, 2013

Board of Commissioners
Chelan Fire and Rescue
Chelan, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Chelan Fire and Rescue, Chelan County, Washington, for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 14.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, Chelan Fire and Rescue has prepared these financial statements using accounting practices prescribed or permitted by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Chelan Fire and Rescue, for the year ended December 31, 2013, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the District used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Chelan Fire and Rescue, as of December 31, 2013, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Other Matters

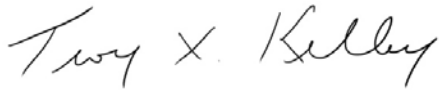
Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Liabilities is presented for purposes of additional analysis as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

November 14, 2014

Financial Section

**Chelan Fire and Rescue
Chelan County
January 1, 2013 through December 31, 2013**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2013
Notes to the Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2013

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2013

BARS Code		001 General Fund
Beginning Cash and Investments		
30810	Beg Fund Bal-Reserved	5,455
30880	Beg Fund Bal-Unreserved	1,233,922
38800/58800	Prior Period Adjustments, net	145
Operating Revenues		
310	Taxes	1,724,044
320	Licenses & Permits	0
330	Intergovernmental Revenues	269
340	Charges for Goods and Services	23,903
350	Fines & Penalties	0
360	Miscellaneous Revenues	7,151
Total Operating Revenues:		1,755,367
Operating Expenditures		
510	General Government	0
520	Public Safety	1,729,747
598	Intergovernmental Payments	0
Total Operating Expenditures:		1,729,747
Net Operating Increase (Decrease):		25,620
Nonoperating Revenues		
370, 380, 395, 398	Other Financing Sources	19,320
391-393	Debt Proceeds	1,288,603
397	Transfers-In	0
Total Nonoperating Revenues:		1,307,923
Nonoperating Expenditures		
580, 596, 599	Other Financing Uses	443,299
591-593	Debt Service	47,783
594-595	Capital Expenditures	211,184
597	Transfers-Out	0
Total Nonoperating Expenditures:		702,266
Increase (Decrease) in Cash and Investments		631,277
Ending Cash and Investments		
50810	End Fund Bal-Reserved	842,831
50880	End Fund Balance-Unreserved	1,027,968

The accompanying notes are an integral part of this Statement.

MCAG #1047 / 2013 Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Chelan County Fire Protection District 7 reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System (BARS)* manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The Chelan County Fire Protection District 7 was incorporated on October 31, 1955 and operates under the laws of the state of Washington applicable to a local government. The Chelan County Fire Protection District 7 is a general purpose government and provides fire suppression, fire prevention and public education. The Chelan County Fire Protection District 7 uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the Chelan County Fire Protection District 7 are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The Chelan County Fire Protection District 7 resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the Chelan County Fire Protection District 7:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the Chelan County Fire Protection District 7. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

The Chelan County Fire Protection District 7 adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level (except the general (current expense) fund,

where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:001	1,757,911	1,986,240	228,329

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Chelan County Fire Protection District 7 legislative body.

D. Cash

It is the Chelan County Fire Protection District 7 policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions.

E. Deposits

The Chelan County Fire Protection District 7 deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Capital Assets

Capital assets are assets with an initial individual cost of more than \$100 and an estimated useful life in excess of 1 year. The capital assets of the Chelan County Fire Protection District 7 are recorded as expenditures when purchased.

G. Compensated Absences

Vacation leave may be accumulated up to 2 times annual leave and is payable upon separation or retirement.

Sick leave may be accumulated up to 1040 hours. Upon separation or retirement employees do not receive payment for unused sick leave.

H. Long-Term Debt See Note 3

Note 2 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by Chelan County Fire Protection District 7. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Chelan County Fire Protection District 7 regular levy for the year 2013 was \$0.97387 per \$1,000 on an assessed valuation of \$1,598,607,547 for a total regular levy of \$1,708,997.

Note 3 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt

and liabilities of the Chelan County Fire Protection District 7 and summarizes the Chelan County Fire Protection District 7 debt transactions for year ended December 31, 2013.

Chelan County Fire Protection District 7 authorized the limited tax general obligation improvement and refunding bond as of May 29, 2013 in the amount of 1,250,000. The G.O. bond issuance total was \$1,288,602. The funding paid off the existing apparatus debt service in the amount of \$473,300, refunding long-term debt proceeds of \$416,022, rebates credited in the amount of \$57,278, general obligation bond proceeds \$833,977, bond premiums sold \$38,602. The issuance discount on long-term debt \$29,750, the remaining cash deposited to Chelan County Treasurer in the amount of \$842,830 in reserved funds. The remaining funds will pay for new construction of a fire station in the south shore area of Chelan and the purchase of equipment and apparatus. The G.O. Bond redeemed an amount of \$47,782, \$30,000 in principle and \$17,782 of interest.

The debt service requirements for general obligation bonds and lease for apparatus including both principle and interest are as follows:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Other Debt</u>	<u>Total Debt</u>
2013	\$47,782.92	\$0	\$416,022	\$463,804.92
2014	\$89,980.00	\$0	\$0	\$89,980.00
2015	\$89,622.50	\$0	\$0	\$86,622.50
2016	\$89,265.00	\$0	\$0	\$89,265.00
2017	\$88,770.00	\$0	\$0	\$88,770.00
2018–2031	\$1,289,775.00	\$0	\$0	\$1,289,775.00
	<hr/>	<hr/>	<hr/>	<hr/>
TOTALS	\$1,692,195.42	\$0	\$416,022	\$2,108,217.42

Note 4 - Pension Plans

Substantially all Chelan County Fire Protection District 7 full-time and qualifying part-time employees participate in LEOFF II, PERS II & III administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the fire district's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Chelan County Fire Protection District No. 7

Schedule of Liabilities
For the year ended December 31, 2013

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
General Obligations							
	259.11	Compensated Liabilities	12/31/2013	180,645	31,370	180,645	31,370
	263.51	Lease - Pumper Truck	6/1/2013	238,234	0	238,234	0
	263.51	Lease - Structure Engine	6/1/2013	177,789	0	177,789	0
	251.11	GO Bond - Nonvoted	12/1/2031	0	1,250,000	30,000	1,220,000
Total General Obligations:				596,668	1,281,370	626,668	1,251,370
Total Liabilities:				596,668	1,281,370	626,668	1,251,370

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov